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May 27, 2022

VIA ELECTRONIC FILING

The Honorable Jocelyn G. Boyd
Chief Clerk/Executive Director
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, SC 29210

Re: **Docket No. 2022-91-E - Application of Duke Energy Carolinas, LLC for Approval of Demand-Side Management and Energy Efficiency Rider 14, Decreasing Residential Rates and Decreasing Non-Residential Rates**

Letter Regarding DEC EE/DSM Rider 14 Application

Dear Ms. Boyd:

On behalf of Duke Energy Carolinas, LLC ("DEC" or the "Company"), I am filing this letter with respect to the Company's Application for Approval of Demand-Side Management and Energy Efficiency ("DSM/EE") Rider 14, Decreasing Residential Rates and Decreasing Non-Residential Rates filed on March 1, 2022 (the "Application"). In responding to information requests from the South Carolina Office of Regulatory Staff, the Company discovered two matters affecting the Application and supporting materials as explained below and is providing this information to the Commission for the purpose of transparency. The corrections and information provided below do not impact the content of the Notice of Filing issued by the Clerk's Office in this docket on March 16, 2022.

First, due to isolated system reporting issues, the Company was required to use previous net metering cost reports in the Application as proxies for actual data for the months April 2021 through January 2022. The Company plans to true up the monthly net metering revenues as part of DEC's next DSM/EE rider proceeding with actual data. This true-up is expected to have a negligible impact on the Rider (less than 1%). Second, the Company discovered that certain clarifying corrections were needed to Paragraph 7 of the Application and to the list of Rider 14 Exhibits appended to the Application, as well as to the second page of Exhibit B. Those corrections are shown in tracked changes in the attachment to this letter.

The Company appreciates the opportunity to provide this information to the Commission. By copy of this letter, I am serving all parties of record.

May 27, 2022
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Sincerely,



J. Ashley Cooper

JAC:cmm
Enclosures

cc: All parties of record (via email with attachments)

**BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA**

DOCKET NO. 2022-__-E

In re:

Application of Duke Energy Carolinas, LLC
for Approval of Demand-Side Management
and Energy Efficiency Rider 14, Decreasing
Residential Rates and Decreasing Non-
Residential Rates

**DUKE ENERGY CAROLINAS, LLC'S
APPLICATION FOR APPROVAL OF
RIDER 14**

Pursuant to S.C. Code Ann. § 58-37-20 and S.C. Code Ann. Regs. 103-819 and 823, the Rules of Practice and Procedure of the Public Service Commission of South Carolina (“Commission”), Duke Energy Carolinas, LLC (the “Company” or “DEC”) hereby applies to the Commission for approval of its demand-side management (“DSM”) and energy efficiency (“EE”) rider for 2023 (“Rider 14”).

In support of this Application, DEC shows the Commission the following:

Name and Address

1. The correct name and address of the Company is Duke Energy Carolinas, LLC, 526 S Church St, Charlotte, NC 28202-1802.

Notices and Communications

2. The names and addresses of the attorneys for the Company who are authorized to receive notices and communications with respect to this Application are:

Samuel J. Wellborn
Associate General Counsel
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Description of the Company

3. The Company is engaged in the generation, transmission, distribution, and sale of electric energy at retail in the western portion of South Carolina and central and western portions of North Carolina. It also sells electricity at wholesale to municipal, cooperative, and investor-

owned electric utilities, and its wholesale sales are subject to the jurisdiction of the Federal Energy Regulatory Commission. DEC is a public utility under the laws of South Carolina and is subject to the jurisdiction of this Commission with respect to its operations in this State. The Company also is authorized to transact business in the State of North Carolina and is a public utility under the laws of that state. Accordingly, its operations in North Carolina are subject to the jurisdiction of the North Carolina Utilities Commission.

Background

4. Rider 14 seeks to recover from customers the amounts associated with the cost recovery mechanism the Commission most recently approved in Order No. 2021-32, issued in Docket No. 2013-298-E.

5. The recovery mechanism of the Company's EE/DSM portfolio—as it existed prior to the issuance of Order No. 2021-32—is a shared savings model with three distinct components: (1) recovery of the costs the Company incurs to offer and deliver EE and DSM programs to customers; (2) recovery of net lost revenues incurred for up to thirty-six (36) months of a measure's life for EE programs; and (3) a shared savings incentive that is equivalent to 11.5% of net savings achieved through the Company's portfolio of EE/DSM programs.

6. The cost recovery mechanism was revised as the result of an application filed by the Company in Docket No. 2013-298-E on June 26, 2020, subsequent settlement agreement entered into by the parties to that docket, and the approval of the settlement agreement (the "Settlement Agreement") by the Commission through Order No. 2021-32. The resulting cost recovery mechanism is a shared savings model with four distinct components: (1) recovery of the costs the Company incurs to offer and deliver EE and DSM programs to customers; (2) recovery of net lost revenues incurred for up to thirty-six (36) months of a measure's life for EE programs;

(3) a shared savings incentive that is equivalent to 10.6% of net savings achieved through the Company's portfolio of EE/DSM programs; and (4) a Program Return Incentive ("PRI") based on a percentage of the gross avoided costs of those programs eligible for the PRI.

Components of Rider 14

7. Calculations for Rider 14 were computed in accordance with the Application, the Settlement Agreement, and Commission Order No. 2021-32 in Docket No. 2013-298-E. The specific components of Rider 14 include:

- a. Year 2018, January 2018 – December 2018: True-up of shared savings and
~~True-up~~ of Year 1, Year 2, Year 3 and Year 4 lost revenues.
- b. Year 2019, January 2019 – December 2019: true-up of shared savings, true-up of Year 1, Year 2, Year 3 and Year 4 lost revenues.
- c. Year 2020, January 2020 – December 2020: true-up of ~~program costs~~, shared savings and true-up of Year 1, ~~and~~ Year 2 and Year 3 of lost revenue and an estimate of Year 4 lost revenues.
- d. Year 2021, January 2021 – December 2021: true-up of program costs, shared savings and true-up of Year 1 and Year 2 lost revenue and an estimate of Year 3 lost revenues
- e. Year 2022, January 2022 – December 2022: estimate of Year 2 lost revenues.
- f. Year 2023, January 2023 – December 2023: estimate of program costs, shared savings, and Year 1 lost revenues, as well as an estimate of 2023 existing DSM program costs.

Rider 14 Rate Overview

8. The revenue DEC proposes to recover through the proposed Rider 14 is as follows:

- \$19,116,931 for Residential Customers (Exhibit A, Line 16) and
- \$35,341,690 for Non-Residential Customers (Exhibit A, Line 70).

For Rider 14, because non-residential customers can opt-out of various components and vintage years of EE/DSM, those billing factors were separated to reflect non-residential customer participation in EE programs, DSM programs, or both EE and DSM programs. The proposed Rider 14 billing factors include prospective and true-up components. The projections for Vintage Year 2023 reflect the revisions to the cost recovery mechanism approved by Order No. 2021-32. Based on the total costs to be recovered under the proposed Rider 14, as shown on Exhibit A, the billing factors applicable to South Carolina customers for the billing period January 1, 2023 through December 31, 2023, would be as follows:

Residential Billing Factors	¢/kWh
True-up Component for Years 2018, 2019, 2020 and 2021	(0.2032)
Prospective Component for Vintage Years 2020 – 2023	0.4840
Residential Rider 14 (Total)	0.2808

Non-Residential Billing Factors	¢/kWh
Year 2018 EE Participant – True up	0.0068
Year 2018 DSM Participant – True up	(0.0005)
Year 2019 EE Participant – True up	(0.0092)
Year 2019 DSM Participant – True up	0.0011
Year 2020 EE Participant – True up	0.0069
Year 2020 DSM Participant – True up	0.0025

Year 2021 EE Participant – True up	(0.0616)
Year 2021 DSM Participant – True up	(0.0078)
Year 2020 EE Participant – Prospective Year	0.0251
Year 2021 EE Participant – Prospective Year	0.0648
Year 2022 EE Participant – Prospective Year	0.0967
Year 2023 EE Participant – Prospective Year	0.4332
Year 2023 DSM Participant – Prospective Year	0.1134

9. The proposed tariff sheet for Rider 14 is attached as Exhibit B to the Application. A summary of the calculations used to determine these billing factors and the revenue requirement for Rider 14 is attached as Exhibit A to the Application. The supporting calculations for Exhibit A are also attached. A detailed description and evaluation of the Company's EE and DSM programs for 2021 is set forth in Rider 14, Exhibit 5. Pursuant to the cost recovery mechanism, the Company has included Year 2023 Exhibit 2 that indicates, for each Program or Measure for which it seeks a PPI or PRI, the annual projected and actual utility costs, number of Measurement Units installed, per kW and kWh impacts for each Measurement Unit, and per kW and kWh avoided costs for each Measurement Unit, consistent with the Utility Cost Test, related to the applicable Vintage Year installations that it requests the Commission to approve.

Conclusion and Request for Approval

10. Based on the foregoing, the Company respectfully requests that the Commission grant its application seeking approval of Rider 14 as described in this Application and supporting exhibits. Additionally, the Company would ask the Commission to allow the proposed rate to be put into effect without hearing pursuant to S.C. Code § 58-27-870(F) (2015). The proposed rates do not require a determination of the entire rate structure and overall rate of return and will facilitate an orderly rate administration. For the Commission's convenience, a proposed notice is included with this filing.

Respectfully submitted this the 1st day of March 2022.

s/J. Ashley Cooper

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Attorneys for Duke Energy Carolinas, LLC

Rider 14 Exhibits

Exhibit A	Summary for Rider EE Exhibits and Factors
Exhibit B	Tariff Sheet
Year 2018 Exhibit 1	True-up of shared savings and T True-up of Year 1, <u>Year 2</u> , <u>Year 3</u> and <u>Year 4</u> Lost Revenues Applicable to Residential and Non-Residential Customers
Year 2018 Exhibit 2	Load Impacts and Estimated Revenue Requirements by <u>for</u> Program <u>for</u> Year 2018
Year 2018 Exhibit 3	Allocation Factors, Year 2018
Year 2019 Exhibit 1	True-up of shared savings, t True-up of Year 1, <u>Year 2</u> , and Year 3, and Year 4 Lost Revenues Applicable to Residential and Non-Residential Customers
Year 2019 Exhibit 2	Load Impacts and Estimated Revenue Requirements for <u>by</u> Program <u>for</u> Year 2019
Year 2019 Exhibit 3	Allocation Factors, Year 2019
Year 2020 Exhibit 1	True-up of Shared Savings, and Year 1, <u>Year 2</u> , and <u>Year 3</u> Lost Revenues; <u>and an</u> Estimate of Year 4 Lost Revenues Applicable to Residential and Non-Residential Customers
Year 2020 Exhibit 2	Load Impacts and Estimated Revenue Requirements for Program Year 2020
Year 2020 Exhibit 3	Allocation Factors, Year 2020
Year 2021 Exhibit 1	True up of Shared Savings , Program Costs, <u>Shared Savings</u> and <u>True-Up of</u> Year 1 and <u>Year 2</u> Lost Revenues <u>and an</u> ; Estimate of Year 3 Lost Revenues
Year 2021 Exhibit 2	Load Impacts and Estimated Revenue Requirements for <u>by</u> Program <u>for</u> Year 2021
Year 2021 Exhibit 3	Actual Existing DSM Program Costs – Year 2021
Year 2021 Exhibit 4	Allocation Factors, Year 2021
Year 2021 Exhibit 5	Actual Program Costs – Year 2021

Year 2021 Exhibit 6	Changes from Rider 10 Due to Application of M&V and Participation
Year 2022 Exhibit 1	Estimate of Year 2 Lost Revenues
Year 2023 Exhibit 1, page 1	Estimated Annual Rider Applicable to Residential Customers
Year 2023 Exhibit 1, page 2	Estimated Annual Riders Applicable to Non-Residential Customers
Year 2023 Exhibit 2	<u>Estimated Annual Riders Applicable to Non-Residential Customers</u> Load Impacts and Estimated Revenue Requirements for Program Year 2023
Year 2023, Exhibit 3	Allocation Factor Estimate for 2023
Rider 14 Exhibit 1, Page 1	Lost Revenues Summary – Year 2018
Rider 14 Exhibit 1, Page 2	Lost Revenues Summary – Year 2019
Rider 14 Exhibit 1, Page 3	Lost Revenues Summary – Year 2020
Rider 14 Exhibit 1, Page 4	Lost Revenues Summary – Year 2021
Rider 14 Exhibit 1, Page 5	Lost Revenues Summary – Year 2022
Rider 14 Exhibit 1, Page 6	Lost Revenues Summary – Year 2023
Rider 14 Exhibit 2	DSM/EE Revenues Collected from Riders (By Year & Vintage)
Rider 14 Exhibit 3, Page 1 of 2	Forecasted kWh Sales for Rate Period (Years 2018-2023)
Rider 14 Exhibit 3, page 2	Forecasted kWh Net Metering Impacts for Year 2023
Rider 14 Exhibit 4, Page 1	Residential Interest Calculation – Years 2018-2019
Rider 14 Exhibit 4, Page 2	Residential Interest Calculation - Year 2020-2021
Rider 14 Exhibit 4, Page 3	Non-Residential Interest Calculation – Year 2018
Rider 14 Exhibit 4, Page 4	Non-Residential Interest Calculation – Year 2019
Rider 14 Exhibit 4, page 5	Non-Residential Interest Calculation – Year 2020
Rider 14 Exhibit 4, page 6	Non-Residential Interest Calculation – Year 2021
Rider 14 Exhibit 5	Evaluation, Measurement and Verification Report
Rider 14 Exhibit 6	Description and Evaluation of EE and DSM Programs for 2021
Rider 14 Exhibit 7	Vintage Years, 2018, 2019, 2020, 2021 and 2022 Non-Residential Opt-Out Data

Duke Energy Carolinas, LLC

Electricity No. 4
South Carolina Fourteenth Revised Leaf No. 62
Superseding South Carolina Thirteenth Revised Leaf No. 62

RIDER EE (SC) ENERGY EFFICIENCY RIDER

APPLICABILITY (South Carolina Only)

Service supplied under the Company's rate schedules is subject to approved adjustments for new energy efficiency and demand-side management programs approved by the Public Service Commission of South Carolina (PSCSC). The Rider Adjustments are not included in the Rate Schedules of the Company and therefore, must be applied to the bill as calculated under the applicable rate. As of January 1, 2021, cost recovery under Rider EE consists of the four year term program, years 2015-2018, as well as rates under the continuation of that program for years 2019-2023 as outlined below. This rider applies to service supplied under all rate schedules except rate schedules OL, PL and NL for program years 2018-2023.

The Rider will recover the cost of Duke Energy Carolinas' Interruptible Service and Stand-By Generator programs ("Existing DSM Programs") based on the cost of bill credits and amounts paid to customers participating on these programs ("Program Costs"). Revenue requirements will be determined on a system basis and allocated to SC retail customer classes based on the class contribution to system peak demand.

GENERAL PROVISIONS

This Rider will recover the cost of the Company's energy efficiency and demand-side management programs beginning January 1, 2015, using the method approved by the PSCSC as set forth in Order No. 2013-889 and as revised by Order No. 2021-32.

TRUE-UP PROVISIONS

Rider amounts will initially be determined based on estimated kW and kWh impacts related to expected customer participation in the programs, and will be true-up on an annual basis as actual customer participation and actual kW and kWh impacts are verified. The true-up will reflect actual participation and EM&V results for the most recently completed vintage. If a customer participates in any vintage of programs, the customer is subject to the true-ups for any vintage of programs in which the customer participated.

RIDER EE OPT OUT PROVISION FOR QUALIFYING NON-RESIDENTIAL CUSTOMERS

The Rider EE increment applicable to energy efficiency programs and/or demand-side management programs will not be applied to the energy charge of the applicable rate schedule for Customers qualified to opt out of the programs where:

- a. The Customer has notified the Company in writing that it elects to opt out and that the opt-out customer has implemented its own energy management system or has performed or had performed for it an energy audit or analysis within the three year period preceding the opt out request and has implemented or has plans for implementing the cost-effective energy efficiency measures recommended in that audit or analysis; and
- b. Electric service to the Customer must be provided under:
 1. An electric service agreement where the establishment is classified as a "manufacturing industry" by the Standard Industrial Classification Manual published by the United States Government and where more than 50% of the electric energy consumption of such establishment is used for its manufacturing processes; or
 2. An electric service agreement for general service as provided for under the Company's rate schedules where the Customer's annual energy use is 1,000,000 kilowatt hours or greater in the billing months of the prior calendar year. Additionally, all other agreements billed to the same entity with lesser annual usage located on the same or contiguous properties are also eligible to opt out.

For Customers who elect to opt out of Energy Efficiency Programs, the following provisions also apply:

- Qualifying customers may opt out of the Company's energy efficiency programs each calendar year only during the designated annual two-month enrollment period. For the Rider EE 2022 Program Year, the enrollment period begins November 1, 2021 and ends December 31, 2021.
- Customers may not opt out of individual energy efficiency programs offered by the Company. The choice to opt out applies to the Company's entire portfolio of energy efficiency programs.
- If a customer participates in any vintage of energy efficiency programs, the customer, irrespective of future opt-out decisions, remains obligated to pay the remaining portion of the lost revenues for each vintage of efficiency programs in

Duke Energy Carolinas, LLC

Electricity No. 4
South Carolina Fourteenth Revised Leaf No. 62
Superseding South Carolina Thirteenth Revised Leaf No. 62

RIDER EE (SC)
ENERGY EFFICIENCY RIDER

which the customer participated.

- Customers who elect to opt out during the two-month annual enrollment period immediately prior to the new Rider EE becoming effective may elect to opt in to the Company's energy efficiency program during the first 5 business days of March each calendar year. Customers making this election will be back-billed to the effective date of the new Rider EE.

For Customers who elect to opt out of Demand-Side Management Programs, the following provisions also apply:

- Qualifying customers may opt out of the Company's demand-side management program during the enrollment period between November 1, and December 31 immediately prior to a new Rider EE becoming effective on January 1 of the applicable year. (Qualifying new customers have sixty days after beginning service to opt out).
- If a customer elects to participate in a demand-side management program, the customer may not subsequently choose to opt out of demand-side management programs for three years.
- Customers who elect to opt out during the two-month annual enrollment period immediately prior to the new Rider EE becoming effective may elect to opt in to the Company's demand-side management program during the first 5 business days of March each calendar year. Customers making this election will be back-billed to the effective date of the new Rider EE.

Any qualifying non-residential customer that has not participated in an energy efficiency or demand-side management program may opt out during any enrollment period, and have no further responsibility to pay Rider EE amounts associated with the Customer's opt out election for energy efficiency and/or demand-side management programs.

ENERGY EFFICIENCY RIDER ADJUSTMENTS (EEA) FOR ALL PROGRAM YEARS

The Rider EE amounts applicable to the residential and nonresidential rate schedules for the period January 1, 202~~32~~ through December 31, 202~~32~~ including revenue-related taxes and utility assessments are as follows:

Residential

Vintage 2018, 2019, 2020, 2021, 2022, 2023	0.2808¢ per kWh
Total Residential	0.2808¢ per kWh

Nonresidential

	<u>Energy Efficiency</u>	<u>Demand-Side Management</u>
2018 Vintage*	0.0068¢ per kWh	(0.0005)¢ per kWh
2019 Vintage*	(0.0092)¢ per kWh	0.0011¢ per kWh
2020 Vintage*	0.0320¢ per kWh	0.0025¢ per kWh
2021 Vintage*	0.0032¢ per kWh	(0.0078)¢ per kWh
2022 Vintage*	0.0967¢ per kWh	0.0000¢ per kWh
2023 Vintage*	0.4332¢ per kWh	0.1134¢ per kWh
Total Vintage 2018, 2019, 2020, 2021, 2022, 2023	0.5627¢ per kWh	0.1087¢ per kWh
Total Nonresidential	0.6714¢ per kWh	

* Not Applicable to Rate Schedules OL, PL and NL

Duke Energy Carolinas, LLC

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RIDER EE (SC)
ENERGY EFFICIENCY RIDER

Each factor listed under Nonresidential is applicable to nonresidential customers who are not eligible to opt out and to eligible customers who have not opted out. If a nonresidential customer has opted out of a Vintage(s), then the applicable energy efficiency and/or demand-side management charge(s) shown above for the Vintage(s) during which the customer has opted out will not apply to the bill.